

# What's Going Right in Iraq

By John D. Negroponte

**B**y now it goes without saying that sectarian conflict and extremism in Iraq cannot be solved by military means alone—it will take national reconciliation, economic reform and development, and international support as well. And as a former ambassador to Iraq, I know how difficult it is to create an alternative to coercive violence in a country that has lived under these conditions for decades.

In 2004 the U.N. Security Council laid out an arduous agenda for Iraq when it regained its sovereignty. This included setting up an interim government and electing a transitional government, writing and adopting a constitution, electing a permanent government, and developing national reconciliation based on the rule of law, tolerance and pluralism.

Despite horrific violence, much of that agenda has been implemented, though not national reconciliation. Nonetheless, the Iraqis have come a long way in what has been a short time for them. Pressing them to continue moving ahead on national reconciliation and reform is well-justified. But imposing fixed deadlines would be ill-advised.

Fixed deadlines would empower the obstructionists, stiffening their resolve to resist and delay by showing them where to concentrate their efforts. It would also weaken the moderates who—forced to face a near-term future without us—would hedge their bets and be less willing to broker hard political compromises. This could provoke even greater violence and insecurity, the opposite effect of that presumably intended by those advocating deadlines. That is why President Bush just issued only the second veto of his administration.

The fact is that critically important economic, political and diplomatic progress is being made; we must not allow the fog of war to obscure major developments that are fundamental to stability in Iraq and the region. These developments are more powerful than bombs—they are the stuff of which modern nation states are made and the basis upon which they survive and thrive.

The U.S. has spent more than 84% of its major reconstruction appropriation in 11 sectors. Despite some missteps, inevitable given the chaotic conditions, these projects have brought significant benefits to the Iraqi people and will continue to do so for decades.

## Deadlines will jeopardize progress toward reconciliation.

Now we are shifting toward increasing the capacity of Iraqis to meet their own needs. This is critical to Iraq's prospects for effective self-governance. In 2006 we began a ministerial capacity development program and completed the initial rollout of our Provincial Reconstruction Team (PRT) program. We're on track to double the number of PRTs from 10 to 20, deploying specialists to support moderates in local government, civil society and business.

Without question, oil is the most important and contentious economic sector. The Iraqis are making progress on a legislative package that is extremely important for national reconciliation. That this will prompt a great deal of debate should surprise no one. Such debate is healthy. Politically and economically, the stakes are high.

Iraq's financial position is improving, and the government is making budget execution a priority for 2007. The \$1 billion that the Ministry of Finance released upon enactment of the budget has been delivered. Thus far, 94 of 128 spending units have opened the capital expenditure accounts needed for the full Iraqi budget to be disbursed. Some key ministries like Oil have not performed well. Others—such as Communications, which has allocated 90% of its capital budget already—are making good headway.

The International Compact with Iraq—a road map for what Iraq will need to do over the next five years to achieve economic self-sufficiency—is

another step forward. Iraq has produced this credible package of economic reforms in 10 short months. There's no package like this anywhere else in the region.

Another positive development is that the IMF Board of Directors has approved the combined third and fourth reviews of Iraq's Stand-By Arrangement, keeping Iraq on track for the final 20% of Paris Club debt relief due in 2008. As part of this arrangement, Iraq has cut fuel subsidies, increased hard currency reserves to \$18 billion, and mitigated inflationary pressure by appreciating the Iraqi dinar against the U.S. dollar and raising interest rates. These are tough measures. Countries less troubled than Iraq have balked or failed when trying to take similar steps.

Iraq's national reconciliation, reconstruction and stability depend not only on its internal policies but also on its relations with its neighbors. The Neighbors Conference being held this week in Sharm el-Sheikh is giving Iraq an important opportunity to improve those relations. We strongly support this effort.

As Gen. Petraeus explained last week, security is a necessary condition for sustained progress in the political, economic and diplomatic dimensions. By the same token, political, economic and diplomatic progress is necessary for achieving improved security. The two go hand-in-hand.

When I was ambassador to Iraq two years ago, the country had no permanent government, no Council of Representatives, no constitution, no IMF Stand-By Arrangement, no hydrocarbon laws in draft or otherwise, no willingness to cut subsidies, no International Compact with Iraq, and no forum for constructive dialogue with its neighbors and international community leaders. Now all that exists. It is what the Iraqis and we are fighting for, and what the terrorists and extremists are fighting against.

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